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ABSTRACT

This paper presents 7 guidelines that may be used in situations where curtailment or elimination of programs may be necessary for reasons of financial exigency. The guidelines are: (1) administrators and faculty policy groups should consult widely with their colleagues, students, and others in the college community; (2) appropriate financial information, student-faculty ratios, qualitative program and course evaluations and other pertinent information should be used to support a case of financial exigency; (3) in cases where faculty appointments are to be terminated, timely notice of termination must be given for appropriate financial compensation to be made; (4) faculty members must have an opportunity to be heard by those who will make the staff reduction decisions; (5) if an appointment is terminated before the end of the period of appointment, the released faculty member's place must not be filled within a period of 2 years unless the released faculty member has been offered reappointment; (6) tenured members of the faculty should be retained in preference to probationary appointees; (7) early retirement and transfer from full- to part-time service may be acceptable alternatives to termination. (Author/HS)

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STATEMENT ON FINANCIAL EXIGENCY AND STAFF REDUCTION*

The 1940 "Statement of Principles on Academic Freedom and Tenure," which was co-sponsored and endorsed by the Association of American Colleges, recognizes that an institution may find it necessary to curtail or eliminate an academic program for reasons of financial exigency. Such program retrenchment may require termination of probationary and/or tenured members of the faculty. The 1940 Statement, which applies only to tenured faculty, provides in this regard that "termination of a continuous appointment because of financial exigency should be demonstrably bona fide."

The principles and procedures stated below are commended to institutions facing the necessity of curtailing educational programs and terminating tenured or probationary staff appointments.

A college or university must dedicate all of its resources to the greatest possible achievement of its educational goals and purposes. Fiscal policy should reflect this commitment. In meeting this commitment unfavorable economic conditions may require an institution to reevaluate its priorities and reallocate limited financial resources. When it becomes necessary to curtail or eliminate some educational programs and terminate some staff appointments, the importance of such decisions to an institution, its students, and the members of its academic staff requires the closest possible coordination of fiscal and academic planning. In particular, fair and effective procedures should be designed, if possible, before a crisis develops.[1]

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* This statement was originally prepared and endorsed by the AAC Commission on Institutional Affairs. It was reviewed and adopted by the AAC Board of Directors, November 8, 1971.

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In situations where curtailment or elimination of educational programs may be necessary for reasons of financial exigency the following guidelines may be useful:

1. Consultation. Early in the process of making recommendations or decisions concerning program reduction, administrators and faculty policy groups should consult widely with their colleagues, students, and others in the college community. It is especially important that faculty members whose educational programs or positions may be adversely affected have an opportunity to be heard by those who will make the final decision or recommendation.

2. Data and Documentation. Every effort must be made to determine the nature of the fiscal limitations and within those constraints to establish appropriate educational priorities. Careful documentation of the evidence supporting a staff reduction decision is essential. Appropriate financial information, student-faculty ratios, qualitative program and course evaluations, enrollment data, and other pertinent information should be used to support a case of financial exigency. Except for confidential material of a personal nature this information should be widely shared among the college community.

3. Timing. Institutions should provide as much lead time as possible in making financial exigency decisions. In cases where faculty appointments are to be terminated timely notice of termination or nonreappointment must be given.[2] In extreme situations, if timely notice cannot be given, financial compensation to the faculty member proportional to the lateness of the notice may be an appropriate substitute for full notice.

4. Academic Due Process. When program reductions in response to financial exigency involve termination of faculty appointments special care must be taken to insure fairness and to protect and honor accepted procedures and rights appropriate to a faculty member's tenured or probationary status.[3] Faculty members must have an opportunity to be heard by those who will make the staff reduction decisions and those decisions must be subject to review by the highest institutional authority. Care should be taken not to confuse termination because of financial exigency with a proceeding that might lead to dismissal for cause.[4]

5. Elimination of a Faculty Position. If an appointment is terminated before the end of the period of appointment, because of financial exigency, or because of the discontinuance of a program

of instruction, the released faculty member's place will not be filled by a replacement within a period of two years, unless the released faculty member has been offered reappointment and a reasonable time within which to accept or decline it.[5]

6. Preferential Treatment. Tenured members of the faculty should normally be retained in preference to probationary appointees. This preferential status should include wherever possible an opportunity to transfer or readapt to other programs within the department or institution. If retention is not possible the institution should assume responsibility for assisting the faculty member in securing other employment. Preferential retention of tenured faculty should not, however, leave a reduced academic unit in the highly undesirable situation of lacking any probationary faculty. In some cases, tenured and probationary faculty may both have to be reduced.[6]

7. Alternatives. Early retirement and transfer from full-time to part-time service may be acceptable alternatives to termination in some situations of financial exigency. However, such decisions should be governed by the same guidelines and procedural safeguards as those which result in termination.

Footnotes

1. It is recommended that institutions inform all faculty appointees in writing at the time of their initial employment of the conditions under which appointments may be terminated for reasons of financial exigency.

2. Although not formally endorsed by AAC, the AAUP "Standards of Notice for Nonreappointment" have been widely accepted by the academic community. (AAUP Bulletin, Winter 1967, Vol. 53, No. 4, p. 407).

3. In this regard consult the AAUP "1968 Recommended Institutional Regulations on Academic Freedom and Tenure," paragraph 4c, AAUP Bulletin, Vol. 54, No. 4, Winter 1968, pp. 448-452, and "Procedural Standards in the Renewal and Nonrenewal of Faculty Appointments," AAUP Bulletin, Summer 1971, Vol. 57, No. 2, pp. 206-210. These AAUP policy statements have not been formally endorsed by AAC.

4. There may be some temptation to seize upon financial exigency as an occasion to remove an allegedly incompetent staff member. In the latter case the appropriate proceeding is a dismissal hearing and the faculty member is entitled to the protections and standards of due process set forth in the 1940 "Statement of Principles on Academic Freedom and Tenure," Association of American Colleges Bulletin, March 1941, Vol. 27, No. 1, pp. 127-129, or AAUP Bulletin, Autumn 1970, Vol. 56, No. 3, pp. 323-326, and the "Statement on Procedural Standards in Faculty Dismissal Proceedings," Association of American Colleges Bulletin, March 1958, Vol. 44, No. 1, pp. 125-130, or AAUP Bulletin, Winter 1968, Vol. 54, No. 4, pp. 439-441. Both of these statements have been endorsed by AAC.

5. The language of this paragraph parallels that of the AAUP 1968 "Recommended Institutional Regulations on Academic Freedom and Tenure" (see footnote 3).

6. Other considerations may also be germane in planning reductions which would force the institution to contradict its own goals and priorities or bring it into conflict with public policy. Strict adherence to preferential retention of tenured faculty members or strict recognition of seniority, for example, may result in disparate rates of reduction for women or members of ethnic and racial minorities and thus jeopardize recent progress toward fairer representation of these groups in the academic community. Staff reduction decisions may also raise problems in relation to laws and regulations governing discrimination.